

SETTLEMENT OF PECUNIARY CLAIMS

*Agreement, aide-memoire, and exchange of notes signed at Washington
July 19, 1948
Entered into force July 19, 1948*

62 Stat. 2658; Treaties and Other
International Acts Series 1803

AGREEMENT BETWEEN THE GOVERNMENTS OF THE UNITED STATES OF AMERICA AND THE FEDERAL PEOPLE'S REPUBLIC OF YUGOSLAVIA RE- GARDING PECUNIARY CLAIMS OF THE UNITED STATES AND ITS NATIONALS

The Government of the United States of America and the Government of the Federal People's Republic of Yugoslavia, being desirous of effecting an expeditious and equitable settlement of claims of the United States of America and of its nationals against Yugoslavia, have agreed upon the following articles:

ARTICLE 1

(a) The Government of Yugoslavia agrees to pay, and the Government of the United States agrees to accept, the sum of \$17,000,000 United States currency in full settlement and discharge of all pecuniary claims of the Government of the United States against the Government of Yugoslavia, other than those arising from Lend-Lease and civilian supplies furnished as military relief, arising between September 1, 1939 and the date hereof, and in full settlement and discharge of all claims of nationals of the United States against the Government of Yugoslavia on account of the nationalization and other taking by Yugoslavia of property and of rights and interests in and with respect to property, which occurred between September 1, 1939 and the date hereof.

(b) Such payment by the Government of Yugoslavia shall be made to the Secretary of State of the United States of America within forty-five days after the signing of this Agreement.

(c) If, upon adjudication made by the agency established or otherwise designated by the Government of the United States to adjudicate claims settled under this Agreement, it is found that the sum of \$17,000,000 payable by the Government of Yugoslavia under the provisions of the Agree-

ment is in excess of the total sum of the claims determined to be valid, exclusive of any interest on such claims for the period beginning on the date of the payment referred to in paragraph (a) of this Article, plus the costs of adjudication, if any, not borne by the claimants, the Government of the United States shall take the necessary steps to return such excess amount to the Government of Yugoslavia.

ARTICLE 2

The claims of nationals of the United States to which reference is made in Article 1 of this Agreement include those respecting property, and rights and interests in and with respect to property, which at the time of nationalization or other taking were:

(A) Directly owned by an individual who at such time was a national of the United States.

(B) Directly owned by a juridical person organized under the laws of the United States, or a constituent state or other political entity thereof, twenty percent or more of any class of the outstanding securities of which were at such time owned by individual nationals of the United States, directly, or indirectly through interests in one or more juridical persons of whatever nationality, or otherwise; or

(C) Indirectly owned by an individual within category (A) above, or by a juridical person within category (B) above, through interests, direct, or indirect in one or more juridical persons not within category (B) above, or otherwise.

ARTICLE 3

The claims of nationals of the United States to which reference is made in Article 1 of this Agreement do not include claims of individual nationals of the United States who did not possess such nationality at the time of the nationalization or other taking, which claims shall be subject to compensation by the Government of Yugoslavia, either by direct negotiations between that Government and the respective claimants or under compensation procedures prescribed by Yugoslav law.

ARTICLE 4

(a) Nothing herein contained shall constitute or be construed to constitute a waiver or release by the Government of Yugoslavia of any claims it or any Yugoslav national may have against any national of the United States.

(b) Claimants against the Government of Yugoslavia for compensation on account of the nationalization or other taking of enterprises, whose claims with respect to such nationalization or other taking are claims which are fully settled and discharged by this Agreement, receiving payment out of the funds to be paid by the Government of Yugoslavia under Article 1 of this

Agreement shall be deemed to have undertaken to hold the Government of Yugoslavia, and the respective successor enterprises established by such Government, harmless against, and to have assumed, all debt obligations, including guarantees, of the enterprises of which such claimants were formerly the owners, to nationals of countries other than Yugoslavia, valid and subsisting as of the date hereof, incurred not for the benefit of such enterprises, but for the benefit of the owners thereof; but such assumption and undertaking shall be applicable only to such proportion of such obligations as such claimants' interests in such enterprises, at the date of the nationalization or other taking thereof, bore to the total ownership interests therein. Debt obligations, including guarantees, owing to nationals of countries other than Yugoslavia, incurred prior to the time such claimants became nationals of the United States, shall be deemed subject to such assumption and undertaking in the absence of proof that such obligations, including guarantees, were incurred for the benefit of such enterprises.

(c) The Government of Yugoslavia recognizes the obligation of the successor enterprises created by it with respect to debts valid under Yugoslav law which were incurred prior to the nationalization or other taking, for the benefit of the enterprises nationalized or otherwise taken, provided, however, that there shall be deemed fully settled and discharged all debt obligations of enterprises, nationalized or otherwise taken, owing to nationals of the United States whose claims against the Government of Yugoslavia with respect to the nationalization or other taking of such enterprises are claims which are fully settled and discharged by this agreement; and further that all debt obligations of such enterprises to juridical persons through which the claims of such claimants are derived shall be deemed settled and discharged in the same proportion as such claimants' interests in such enterprises, at the date of the nationalization or other taking thereof, bore to the total ownership interests therein.

ARTICLE 5

The Government of Yugoslavia agrees to accord to nationals of the United States lawfully continuing to hold, or hereafter acquiring assets in Yugoslavia, the rights and privileges of using and administering such assets and the income therefrom within the framework of the controls and regulations of the Government of Yugoslavia, on conditions not less favorable than the rights and privileges accorded to nationals of Yugoslavia, or of any other country, in accordance with the Convention of Commerce and Navigation between the United States of America and the Prince of Serbia, signed at Belgrade, October 2-14, 1881.¹

¹ TS 319, *ante*, p. 1227.

ARTICLE 6

The Government of Yugoslavia agrees not to employ or to permit the employment of trademarks, company names and trade names formerly used in Yugoslavia by enterprises, now nationalized, which were, at the time of such nationalization substantially owned, directly or indirectly, by nationals of the United States to the extent that such trademarks, company names and trade names are counterparts of trademarks, company names and trade names used elsewhere than in Yugoslavia by the former American owners of such enterprises, directly or through subsidiaries, or by their authority; provided, however, that nothing herein contained shall prejudice the right of the Government of Yugoslavia, or any national thereof, to employ such trademarks, company names and trade names with the consent of the former owners of such enterprises, or others authorized to permit the use thereof. The Government of Yugoslavia will take such measures as may be necessary and appropriate to prevent the use of such trademarks, company names and trade names within Yugoslavia, except with such consent or in connection with products imported into Yugoslavia with respect to which the use of such trademarks, company names and trade names is permitted by or on behalf of the former owners of such enterprises, or others authorized to permit the use thereof. This Agreement does not affect in any way the rights, if any, of nationals of the United States with respect to trademarks, trade names and company names which were used in Yugoslavia by enterprises which have been taken other than by nationalization.

ARTICLE 7

Claims of nationals of the United States for war damage to property which has not been nationalized or otherwise taken prior to the date hereof shall be treated not less favorably than those of nationals of Yugoslavia, but in no event less favorably than those of the nationals of any other country.

ARTICLE 8

The funds payable to the Government of the United States under Article 1 of this Agreement shall be distributed to the Government of the United States and among the several claimants, respectively, in accordance with such methods of distribution as may be adopted by the Government of the United States. Any determinations with respect to the validity or amounts of individual claims which may be made by the agency established or otherwise designated by the Government of the United States to adjudicate such claims shall be final and binding.

ARTICLE 9

(a) In the interests of an equitable distribution by the Government of the United States among the several claimants for participation in the

amount to be paid by the Government of Yugoslavia in full settlement and discharge of claims in accordance with this Agreement, the Government of Yugoslavia will, upon the request of the Government of the United States, and to the extent possible, bearing in mind the wide-spread destruction of property and books and records in Yugoslavia caused by the war, furnish such information, including certified copies of books, records or other documents, as may be necessary or appropriate to support or refute, in whole or in part, any claim for participation in such amount, and to the same end will permit, in a manner consistent with Yugoslav law, the taking of depositions of such witnesses as may be requested by the Government of the United States.

(b) In the interest of protecting the Government of Yugoslavia from the possible assertion through third countries, or otherwise, of claims falling within the scope of this Agreement, the Government of the United States will supply to the Government of Yugoslavia, certified copies of such formal submissions as may be made by claimants to such agency as may be established or otherwise designated by the Government of the United States to adjudicate claims to participation in the funds to be paid by the Government of Yugoslavia pursuant to this Agreement and of the corresponding awards of such agency with respect thereto. A certified copy of each such submission and award will be supplied to the Government of Yugoslavia within a reasonable time after its receipt or announcement. Subject to such rules and regulations as may be established with respect to proceedings of such agency, the Government of the United States further agrees to make available to the Government of Yugoslavia, upon its request, certified copies of transcripts of any proceedings before such agency and certified copies of documents submitted to such agency in support or in refutation, in whole or in part, of any claim submitted thereto. Subject to such rules and regulations, and with the consent of such agency, the Government of Yugoslavia may file briefs as *amicus curiae* with respect to any specific claims.

ARTICLE 10

(a) The Government of Yugoslavia shall authorize persons residing in Yugoslavia who are legally indebted to any individual, firm, or governmental agency in the United States, to meet such indebtedness on maturity.

(b) To the extent feasible, considering Yugoslav foreign exchange resources and regulations, and when necessary to effectuate the purposes of paragraph (a) of this Article, the Government of Yugoslavia shall permit the use of dollars by, or provide dollars to those Yugoslav residents legally owing dollar obligations arising from commercial transactions involving goods or services.

ARTICLE 11

The Government of Yugoslavia agrees to give sympathetic consideration to applications for transfers to the United States of deposits in banks of Yugoslavia and other similar forms of capital owned by nationals of the United States, where the amounts involved are small but which, in view of the circumstances, are of substantial importance to the persons requesting the transfers.

ARTICLE 12

The present Agreement shall come into force and effect upon the date of signature.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed the present Agreement.

DONE at Washington in duplicate this nineteenth day of July, 1948.

For the Government of the United States of America:

G. C. MARSHALL

Secretary of State

of the United States of America

For the Government of the Federal People's Republic of Yugoslavia:

OBREN BLAGOJEVIC

Deputy Minister of Finance

of the Federal People's Republic of Yugoslavia

AIDE-MÉMOIRE

Upon the signature of the Agreement between the Governments of the United States of America and the Federal People's Republic of Yugoslavia regarding Pecuniary Claims of the United States and Its Nationals, the necessary licenses will be issued by the Government of the United States unblocking Yugoslav assets, public and private, and enabling the Yugoslav Government freely to use, transfer or export the gold and other assets on deposit with the Federal Reserve Bank of New York in the name of the Government of Yugoslavia in excess of the amount to be paid to the United States pursuant to such Agreement. Concurrently, the Secretary of State will certify to the Federal Reserve Bank of New York the authority of the Yugoslav Ambassador to receive, control and dispose of such assets.

Upon the issuance of such licenses and certification, and in view of the assurances during the negotiations that the documents requested by the Federal Reserve Bank of New York, in its letter of November 30, 1945, to the Yugoslav National Bank, will, in due course, be furnished by such Bank, the Federal Reserve Bank of New York will promptly execute the instructions of the Ambassador with respect to such assets.

All formalities with respect to the issuance of the necessary licenses and certification will be promptly accomplished, so that such assets will be at the free disposal of the Yugoslav Government for use, transfer or export within five days of the signature of the aforesaid Agreement.

J. B. K.

DEPARTMENT OF STATE,
Washington, July 19, 1948

EXCHANGE OF NOTES

The Secretary of State to the Yugoslav Ambassador

The Secretary of State presents his compliments to His Excellency, the Ambassador of the Federal People's Republic of Yugoslavia and has the honor to inform the Ambassador that the United States Government understands from the Embassy's communication No. Pov. Br. 407 of April 2, 1946, that the Government of the Federal People's Republic of Yugoslavia recognizes among its other international obligations the dollar bonds issued or guaranteed by predecessor Yugoslav governments, and inquiries whether the Ambassador would confirm this interpretation.

J. B. K.

DEPARTMENT OF STATE,
Washington, July 19, 1948

The Yugoslav Ambassador to the Secretary of State

EMBASSY OF THE FEDERAL PEOPLE'S
REPUBLIC OF YUGOSLAVIA
WASHINGTON

Pov. br. 767

The Ambassador of the Federal People's Republic of Yugoslavia presents his compliments to the Honorable the Secretary of State and has the honor to acknowledge the note of July 19, 1948, from the Secretary of State in which it was stated that the United States Government understands from this Embassy's communication No. Pov. Br. 407 of April 2, 1946, that the Government of the Federal People's Republic of Yugoslavia recognizes among its other international obligations, the dollar bonds issued or guaranteed by predecessor Yugoslav governments.

In his note of July 19, 1948, the Secretary of State inquires whether the Ambassador would confirm this interpretation.

The Ambassador of the Federal People's Republic of Yugoslavia confirms the interpretation of the United States Government of this Embassy's

communication No. Pov. Br. 407 of April 2, 1946, and states that his Government will consider means of discharging such obligations when Yugoslavia's economic condition, seriously injured by the ravages of war, and her foreign exchange position permit.

WASHINGTON, D.C., *July 19, 1948.*

[EMBASSY SEAL]
S. N. K.

The Honorable
THE SECRETARY OF STATE
Washington, D.C.

The Secretary of State to the Yugoslav Ambassador

The Secretary of State presents his compliments to His Excellency the Ambassador of the Federal People's Republic of Yugoslavia and has the honor to acknowledge the receipt of the Ambassador's note No. Pov. Br. 767, of July 19, 1948, reading as follows:

[For text of Yugoslav note, see above.]

The Secretary of State has taken due note of the foregoing note of July 19, 1948, from the Ambassador of the Federal People's Republic of Yugoslavia.

J. B. K.

DEPARTMENT OF STATE,
Washington, July 19, 1948